Calendar No. 212

98TH CONGRESS, 1st Session } SENATE { REPORT No. 98-139

SANTA MARGARITA RECLAMATION PROJECT, CALIFORNIA

MAY 20 (legislative day, MAY 16), 1983.—Ordered to be printed

Mr. MCCLURE, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 805]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 805) to amend the Act of July 28, 1954 (68 Stat. 575), to authorize the Secretary of the Interior to construct, operate, and maintain the Santa Margarita project, California, and for other purposes, having considered the same, reports favorably thereon with amendments to the text and recommends that the bill, as amended, do pass.

The amendments are as follows:

1. Page 2, line 4, following "including" insert "the concurrent development of fish and wildlife mitigation measures and".

2. Page 2, line 12, strike "environmental acceptability" and insert in lieu thereof "compliance with applicable environmental laws".

3. Page 2, line 24, strike "contrary." and insert in lieu thereof "contrary: *Provided*, That the period of repayment for reimbursable construction costs shall be in accordance with the Federal reclamation law.".

4. Page 3, line 23, strike Section 4 in its entirety and insert in lieu thereof the following new sections:

> SEC. 4. The conservation and development of the fish and wildlife resources and the enhancement of recreation opportunities in connection with the Santa Margarita project shall be in accordance with the Federal Water Project Recreation Act (79 Stat. 213), as amended.
>
> SEC. 5. There is hereby authorized to be appropriated beginning October 1, 1983 for construction of the Santa Margarita project the sum of $190,250,000 January 1982 price

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levels), plus or minus such amounts, if any, as may be justified by reason of changes in construction costs as indicated by engineering cost indexes applicable to the types of construction involved and, in addition thereto, such sums as may be required for operation and maintenance of the works of said project.

PURPOSE

The purpose of S. 805 is to amend the Act of July 28, 1954 (68 Stat. 575) so as to authorize the Secretary of the Interior to construct, operate, and maintain the proposed Santa Margarita reclamation project located in San Diego County, California near the Town of Fallbrook and the Camp Pendleton Marine Corps Base. The project would supply municipal, industrial, and agricultural water supplies for the Fallbrook area as well as water storage, supply and flood protection for Camp Pendleton.

Background and Need

The Santa Margarita project would be a multiple purpose water resource development located in San Diego County near the town of Fallbrook adjacent to the Camp Pendleton Marine Corps Base. As proposed, the project is an updated version of a project which was originally authorized by the Congress in Public Law 83–547 (Act of July 28, 1954). The original Act called for the construction of a single dam on the Santa Margarita River; S. 805 would amend the Act to authorize the construction of two earth fill dams and related water conveyance facilities to serve Camp Pendleton and the Fallbrook area.

The Santa Margarita River watershed comprises approximately 700 square miles in Riverside and northern San Diego Counties. Studies of potential reservoir sites date from the 1920's, but litigation over water rights delayed planning and development until 1968 when rights were resolved. The Bureau of Reclamation completed a feasibility report in 1970 and filed a final Environmental Impact Statement in 1976. The feasibility report was updated in 1975 and is currently under review by the Office of Management and Budget. Additional study efforts are underway to further update both the feasibility study and the EIS.

As proposed, the project would consist of two earthen dams and reservoirs on the Santa Margarita River and conveyance lines to serve the Fallbrook Public Utility District (local sponsor) and Camp Pendleton. The project would supply supplemental municipal and industrial water to the Base and the District and supplemental irrigation water to the District. In addition, the project would provide flood control, recreation, fish and wildlife benefits, and regulation and storage of imported water. Of particular note is the large extent to which the proposed project would benefit Federally owned property and activities. Most of the flood control benefits would accrue to Camp Pendleton and there is also a need to provide additional water supplies for the Camp which presently depends upon well fields as the sole source of supply. The yield from existing supplies is projected to reach capacity by 1985 and additional sources must be developed to provide for expanded activities at the Camp.

In addition, a severe reduction in water supplies available to Southern California from the Colorado River will result from the operation of the Central Arizona Project in the mid and late 1980's. Utilization of the flows of the Santa Margarita River will become an important component of the water supplies available to the area.

Project Features

Project proposals call for the following major project features; however, some changes are anticipated as a result of the updating of the feasibility report and the Environmental Impact Statement currently underway:

Fallbrook Dam: Located 2 miles north of Fallbrook, an earth dam 185 feet high with a crest length of 900 feet. Reservoir capacity would be 36,150 acre-feet with an area of 612 acres.

De Luz Dam: Located on Camp Pendleton 5 miles southwest of Fallbrook, an earth dam 204 feet high, with a crest length of 3,200 feet. Reservoir capacity would be 100,000 acre-feet (plus 40,000 acre feet flood surcharge) with a surface area of 1,549 acres and 100,000 acre-feet storage.

Fallbrook Conveyance Line: A buried pipeline from Fallbrook Dam to the Fallbrook area consisting of 30 inch diameter concrete pipe, with a capacity of 28 cubic feet per second. Also 2 pumping plants to lift water about 560 feet above the Fallbrook Reservoir surface.

Cross Base Aqueduct: A buried pipeline from De Luz Dam northwestward approximately 18 miles across Camp Pendleton consisting of concrete pipe with a diameter tapering from 24 inches to 10 inches. Also, 2 pumping plants to raise water about 360 feet above De Luz Reservoir water surface.

Recreation Facilities: At Fallbrook Reservoir—192 camp units, 120 picnic units, boat launching ramp, swimming beach, sanitary facilities, parking areas, roads, and trails. At De Luz Reservoir—parking area, sanitary facilities, and fish cleaning facilities.

Lake Fishery: Fallbrook Reservoir would have a self-sustaining warm water fishery and a put-and-take trout fishery. De Luz Reservoir would have a self-sustaining warm water fishery.

Project Economics

Although costs have roughly doubled since the 1970 feasibility report was updated in 1975, benefits have also increased at a comparable rate. Estimated total project costs are $190,250,000 (January 1982 price levels) with an annual cost of $19,189,000 and an annual benefit of $24,875,000 resulting in a benefit to cost ratio of 1.3 to 1. In an effort to provide the same project benefits at a reduced cost, the Bureau of Reclamation is presently evaluating the use of roller compacted concrete to construct the two dams as opposed to the traditional earth fill method of construction. Also of note are recent construction contracts for similar construction work on Bureau projects which have been bid at costs substantially lower than engineering estimates.

The costs of the project would be allocated as follows:

	Percent
Costs to be reimbursed by the district	26½
Costs allocated to Camp Pendleton	52½
Nonreimbursable costs [1]	21

[1] By law, certain costs allocated to recreation, fish and wildlife and road relocation are nonreimbursable.

The District will repay the full allocation for furnishing irrigation water supplies, municipal and industrial water, and storage capacity without repayment assistance. In addition, the district will repay its full share of annual operation and maintenance costs and intends to contribute at no cost to the Federal government, approximately 1,380 acres of land valued in excess of $8 million for the Fallbrook Reservoir site.

Legislative History

S. 805 was introduced on March 14, 1983 by Senator Wilson. A hearing was held before the Subcommittee on Water and Power on May 2, 1983.

Hearings were held on a similar bill (S. 2684) by the Subcommittee during the 97th Congress; however, no further action was taken on the measure prior to adjournment.

Committee Recommendation and Tabulation of Votes

The Senate Committee on Energy and Natural Resources, in open business session on May 13, 1983 by unanimous vote of a quorum present recommends that the Senate pass S. 805 if amended as described herein.

The rollcall vote on reporting the measure was 18 yeas, 0 nays as follows:

YEAS	NAYS
McClure	
Hatfield	
Weicker [1]	
Wallop	
Warner	
Murkowski	
Nickles	
Hecht	
Chafee	
Heinz [1]	
Johnston [1]	
Jackson	
Bumpers [1]	
Ford	
Metzenbaum [1]	
Matsunaga [1]	
Melcher	
Bradley [1]	

[1] Indicates voted by proxy.

COMMITTEE AMENDMENTS

1. This amendment assures that development of fish and wildlife mitigation measures will be undertaken at the same time as project development.

2. This amendment provides for a clarification of the intent of the legislation that further project planning as well as implementation is in compliance with applicable environmental laws.

3. As introduced, there was some ambiguity as to the period which would be allowed for the repayment of reimbursable costs. This amendment clearly establishes that the repayment period shall be not more than 50 years as is required pursuant to the Federal reclamation law.

4. Customarily, authorization of a Federal reclamation project prescribes that the conservation and development of fish and wildlife resources and the enhancement of recreation opportunities related to the project be in accordance with the Federal Water Project Recreation Act (Public Law 89–72, 79 Stat. 213). Reference to the Act was inadvertently omitted in the drafting of S. 805. This amendment rectifies that oversight.

Additionally, the amendment establishes a ceiling on the appropriation available for the construction of the Santa Margarita project based upon the most recent cost estimate prepared by the Department of the Interior.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 16, 1983.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 805, a bill to amend the Act of July 28, 1954 (68 Stat. 575), to authorize the Secretary of the Interior to construct, operate, and maintain the Santa Margarita project, California, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

MAY 16, 1983.

1. Bill number: S. 805

2. Bill title: A bill to amend the Act of July 28, 1954 (68 Stat. 575), to authorize the Secretary of the Interior to construct, operate, and maintain the Santa Margarita project, California, and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources, May 13, 1983.

4. Bill purpose: This bill replaces the existing authorization for the construction, operation and maintenance of the Santa Margarita water project and directs the Secretary of the Interior to enter into contracts with the Department of the Navy, the Fallbrook Public Utility District, or any other qualified entity for delivery of water and for repayment of the reimbursable construction costs.

5. Estimated cost to the Federal Government: The bill would result in an increase of an estimated $140 million in federal expenditures over those that would result from implementation of the existing authorization. These are summarized in the table below:

	Millions
Estimated authorization level:	
Fiscal year:	
1984	$2
1985	9
1986	33
1987	31
1988	33
After 1988	32
Estimated outlays:	
Fiscal year:	
1984	2
1985	8
1986	29
1987	31
1988	33
After 1988	37

The total estimated construction cost of the project, including future inflation effects, is $235 million, assuming initial appropriations in fiscal year 1984. Estimated outlays are for construction of the DeLuz and Fallbrook Dams and Reservoirs, pipelines, regulation facilities and other facilities required to provide water to the Fallbrook Public Utility District and the Marine Corps base at Camp Pendleton. Approximately 25 percent of these funds (plus interest on a portion of the funds) will be repaid by the Fallbrook Public Utility District over a period of time set out in a repayment contract executed by the Secretary of the Interior with the utility district. Since repayments will not begin until completion of construction, none are reflected in the table above. Based on information from the Bureau of Reclamation it is estimated that the Fallbrook Public Utility District will repay, on average, approximately $1.9 million per year over the 40 years following the completion of construction. No operation and maintenance costs are included in the estimate above because these also will not begin to be incurred until the project is complete. It is estimated that operation of the project will cost approximately $1.4 million per year. About $1.0 million of this amount will be recovered from the utility district and other nonfederal sources, and the remainder will be paid by the Department of the Navy.

The costs of this bill fall within budget functions 300 and 050.

Basis of estimate: The estimated authorization level was derived by subtracting the $22.6 million (adjusted to 1982 price levels) authorized in the Act of July 28, 1954 (Public Law 68–547) from the $190.3 million (January 1982 price levels) authorized in this bill, and adjusting the remainder (119.6 million) to reflect the anticipated rate of construction and projected cost increases. For the purpose of this estimate,

it is assumed that the full amount authorized will be appropriated, beginning in fiscal year 1984.

6. Estimated cost to State and local governments: This bill directs the Secretary of the Interior to enter into a contract with the Fallbrook Public Utility District or any other qualified entity for delivery of water and for repayment of reimbursable construction costs. It is estimated that the utility district will repay an average of approximately $1.9 million annually over the 40 years following the completion of construction, beginning in fiscal year 1991. Also, in accordance with federal reclamation law, entities receiving water from federal water projects must pay the portion of operation and maintenance costs allocable to that delivery. It is anticipated that the costs associated with operation and maintenance of the Santa Margarita project allocable to the Fallbrook Public Utility District will be about $0.7 million per year upon completion of the project.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Debbie Goldberg.

10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 805 as reported.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little if any additional paperwork would result from the enactment of S. 805.

EXECUTIVE COMMUNICATIONS

The pertinent legislative report received by the Committee from the Department of the Interior setting forth Executive agency recommendations relating to S. 805 is set forth as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 9, 1983.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for our views on S. 805, a bill "To authorize the Secretary of the Interior to construct, operate, and maintain the Santa Margarita Project, California, and for other purposes."

We recommend enactment of S. 805 with the amendments discussed in this report.

S. 805 would amend Public Law 83–547, which in 1954 authorized construction of the project with a single reservoir on Camp Pendleton, to allow development of two reservoirs or a suitable alternative to provide a water supply in addition to other benefits.

The project would be subject to a Secretarial determination of economic justification and environmental acceptance prior to appropriation of construction funds. The Secretarial determination would include identification of mitigation measures as appropriate and would be based on studies in progress which are scheduled to be completed in 1984.

Our proposed amendments to S. 805 would change the interest rate provision of section 1 and clarify the fish and wildlife mitigation measures.

Section 1 would establish an interest rate based on 15-year government held obligations for the repayment requirements for interest-bearing functions. A more accurate measure of current Treasury borrowing costs would be determined by market yields on outstanding Treasury securities with remaining periods to maturity comparable to the period of investment. Our proposed amendment to section 1 provides a more equitable and effective way of approximating Treasury's borrowing costs.

The Santa Margarita Project would consist of two dams and reservoirs or a suitable alternative on the Santa Margarita River and two major conveyance lines to serve the Fallbrook Public Utility District and the Marine Corps Base at Camp Pendleton in southern California. The project is a multipurpose proposal which would provide a supplemental municipal and industrial water supply to both the district and Camp Pendleton and supplemental irrigation water to the district. In addition, the project would provide flood control, recreation and regulation of imported water.

The Fallbrook Public Utility District serves an area of 15,760 acres, of which 8,790 acres are arable. The district purchases imported water from the San Diego County Water Authority to supply essentially all of its present water requirements. The project is needed to provide an additional water supply for these users in northern San Diego County in the face of growing needs and to reduce their dependence on imported water supplies from the Colorado River and northern California. The combined import requirement of the district and the base exceeds their current allotment from the San Diego Aqueduct. Their current demands are satisfied because some other districts are not using their full entitlement. Thus, the project also would relieve projected water supply and distribution problems involving other districts in the County, although the project would not eliminate the need for the district to purchase water from the San Diego Water Authority.

The district is primarily agricultural, and water for irrigation comprises over 70 percent of its total water use. About 6,700 acres are under irrigation. The main crops produced are avocados and citrus, which account for about 88 percent and 10 percent of the irrigated acreage, respectively. Other crops, including strawberries and nursery stock, account for the remaining irrigated acreage.

Camp Pendleton, one of the largest Marine Corps bases in the United States, occupies 135,000 acres in the coastal mountains and plains west of the town of Fallbrook, California. The base obtains most of its water supplies from the Santa Margarita River through an extensive system of check dams, spreading basins, and wells. These supplies have been adequate in the past, but are presently not sufficient and would limit the number of troops that could be sustained at the base during a time of large mobilization.

The principal features of the plan of development would consist of Fallbrook Dam and Reservoir, DeLuz Dam and Reservoir, Fallbrook Conveyance Line, Cross-Base Aqueduct, and outdoor recreation and fishing facilities. Fallbrook Reservoir would be located near the town of Fallbrook and DeLuz Reservoir would be situated within Camp Pendleton about 8 miles downstream from Fallbrook Reservoir.

The two reservoirs would provide the necessary storage and regulation capability for conservation of the natural riverflows and regulation of imported water from the San Diego Aqueduct. The Fallbrook Conveyance Pipeline and Pumping Plants would deliver project water from the Fallbrook Reservoir to the district's service area and the Fallbrook Naval Weapons Station.

The two reservoirs would yield an average of 15,540 acre-feet of water per year, which would be delivered to Camp Pendleton and the Fallbrook Public Utility District. Camp Pendleton has historically captured 4,000 acre-feet per year through ground-water recharge. Therefore, the project net average annual yield would be 11,540 acre-feet. This yield would provide 7,050 acre-feet to Camp Pendleton and 4,490 acre-feet to the Fallbrook Public Utility District.

Most of Camp Pendleton's water supply would be released from the DeLuz Reservoir to the Santa Margarita ground-water basin for distribution through existing well fields and conveyance lines. The Cross-Base Aqueduct, consisting of about 18 miles of pipe, would extend from DeLuz Dam to five existing tanks and one proposed tank serving water to the training camps in the northern and central parts of Camp Pendleton.

The Department of the Navy advises that the project is vital to protecting the Nation's capital investment in the facilities located at Camp Pendleton. The Department of the Navy also advises that provision for an adequate, high-quality water supply will virtually eliminate the risk in proceeding with planned future development of those activities which are vital to our national defense structure.

Project water is to be divided 60 percent to Camp Pendleton and 40 percent to the district in accordance with the memorandum of understanding and agreement which followed the 1968 U.S. District Court decree which catalogued the water rights for the Santa Margarita River.

The estimated current project cost is $190,250,000 indexed to January 1982. We will review the final costs with the Department of the Navy and the Fallbrook Public Utility District. If necessary, we will consider modification of the planned development in order to keep the costs down.

In the benefit-cost analysis, the annual equivalent costs are $19,189,000 and the annual equivalent benefits are $24,875,000. Project benefits include: irrigation supply, $865,000; municipal and industrial

water supply, $10,980,000; regulation of imported water, $6,767,000; flood control, $5,326,000; and recreation, $937,000. The Secretarial determination of economic justification will determine whether the benefits have increased proportionately in relation to the costs.

We understand that the Department of the Navy is willing to fund its share of the construction costs. Costs reimbursable by the Fallbrook Public Utility District, plus its share of operation and maintenance costs, would be repaid to the Federal Government by means of water charges plus an annual charge for storage of imported water. The repayment period would be 50 years or less. In addition, the district would provide presently owned lands at the Fallbrook site, which are valued at $8,352,000. The district is also contributing $50,000 to project investigation costs.

The Administration is now developing a cost-sharing policy for new water projects and the details of the cost sharing and financial arrangements with Fallbrook will be worked out when that policy becomes final.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

GARREY E. CARRUTHERS,
Assistant Secretary.

Enclosure.

DEPARTMENT OF THE INTERIOR SUGGESTED AMENDMENTS TO S. 805

1. On page 2, line 25, strike out "The" and all that follows through "issue." on page 3, line 7, and insert in lieu thereof:

> The interest rate used for computing interest during construction, and interest on the unpaid balance of the interest-bearing reimbursable costs of the project, shall be determined by the Secretary of the Treasury taking into consideration average market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the project during the month preceding the fiscal year in which the costs are incurred. To the extent that more than one interest rate is determined pursuant to the preceding sentence, the Secretary of the Treasury shall establish for repayment purposes an interest rate at a weighted average of the rates so determined.

2. On page 2, line 4, following "including" insert: "the concurrent development of fish and wildlife mitigation measures and".

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill S. 1867, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SANTA MARGARITA PROJECT

An act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, California, and for other purposes. (Act July 28, 1954, ch 593, 68 Stat. 575)

[SEC. 1. That the Secretary of the Interior, acting pursuant to the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388), and Acts amendatory thereof or supplementary thereto, [43 USC 371 note] as far as those laws are not inconsistent with the provisions of this Act, is authorized to construct, operate, and maintain such dam and other facilities as may be required to make available for irrigation, municipal, domestic, military, and other uses the yield of the reservoir created by De Luz Dam to be located immediately below the confluence of De Luz Creek with Santa Margarita River on Camp Joseph H. Pendleton, San Diego County, California, for the Fallbrook Public Utility District and such other users as herein provided. The authority of the Secretary to construct said facilities is contingent upon a determination by him that—

[(a) The Fallbrook Public Utility District shall have entered into a contract under subsection (d), section 9, of the Reclamation Project Act of 1939 [53 Stat. 1193, 43 USC 485h] undertaking to repay to the United States of America appropriate portions, as determined by the Secretary of the actual costs of constructing, operating, and maintaining such dam and other facilities, together with interest as hereinafter provided; and under no circumstances shall the Department of the Navy be subject to any charges or costs except on the basis of its proportional use, if any, of such dam and other facilities, as determined pursuant to section 2(b) of this Act;

[(b) The officer or agency of the State of California authorized by law to grant permits for the appropriation of water shall have granted such permits to the United States of America and shall have granted permits to the Fallbrook Public Utility District for rights to the use of water for storage and diversion as provided in this Act; including, as to the Fallbrook Public Utility District, approval of all requisite changes in points of diversion and storage and purposes and places of uses;

[(c) The Fallbrook Public Utility District shall have agreed the it will not assert against the United States of America any prior appropriate right it may have to water in excess of that quantity deliverable to it under the provisions of this Act, and will share in the use of the waters impounded by the De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in section 3(a) of this Act; this agreement and waiver and the changes in points of diversion and storage, required by the preceding paragraph, shall become effective and binding only when the dam and other facilities herein provided for shall have been completed and put into operation: *Provided, however*, That the enactment of this legislation does not constitute a recognition of or an admission that, the Falbrook Public Utility District has any rights to the use of water in the Santa Margarita River, which rights, if any, exist only by virtue of the laws of the State of California; and

[(d) The De Luz Dam and other facilities herein authorized have economic and engineering feasibility.

[SEC. 2. (a) In the interest of comity between the United States of America and the State of California and consistent with the historic policy of the United States of America of Federal noninterference with State water law, the Secretary of the Navy shall promptly comply with the procedures for the acquisition of appropriative water rights required under the laws of the State of California as soon as he is satisfied, with the advice of the Attorney General of the United States, that such action will not adversely affect the rights of the United States of America under the laws of the State of California.

[(b) The Department of the Navy will not be subject to any charges or costs in connection wtih the De Luz Dam or its facilities, except upon completion and then shall be charged in reasonable proportion to its use of the facilities under regulations agreed upon by the Secretary of the Navy and Secretary of the Interior.

[SEC. 3. (a) The operation of the dam and other facilities herein provided shall be by the Secretary of the Interior, under regulations satisfactory to the Secretary of the Navy with respect to the Navy's share of the impounded water and national security. In that operation, 60 per centum of the water impounded by De Luz Dam is hereby allotted to the Secretary of the Navy; 40 per centum of the water impounded by De Luz Dam is hereby allotted to the Fallbrook Public Utility District. The Department of the Navy and the Fallbrook Public Utility District will participate in the water impounded by De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in the preceding sentence: *Provided*, *however*, That at any time the Secretary of the Navy certifies that he does not have immediate need for any portion of the aforesaid 60 per centum of the water, the official agreed upon to administer the dam and facilities is empowered to enter into temporary contracts for the delivery of water subject, however, to the first right of the Secretary of the Navy to demand that water without charge and without obligation on the part of the United States of America upon thirty days' notice as set forth in any such contract with the approval of the Secretary of the Navy: *Provided*, *further*, That all moneys paid in to the United States of America under any such contract shall be covered into the general fund of the Treasury, and shall not be applied against the indebtedness of the Fallbrook Public Utility District to the United States of America. In making any such temporary contracts for water not immediately needed by the Navy, the first right thereto, if otherwise consistent with the laws of the State of California, shall be given the Fallbrook Public Utility District.

[(b) The general repayment obligation of the Fallbrook Public Utility District (which shall include interest on the unamortized balance of construction costs of the project allocated to municipal and domestic waters at a rate equal to the average rate, which rate shall be certified by the Secretary of the Treasury, on the long-term loans of the United States outstanding on the date of this Act) to be undertaken pursuant to section 1 of this Act shall be spread in annual installments, which need not be equal, over a period of not more than fifty-six years, exclusive of a development period, or as near thereto, as is consistent with the operation of a formula, mutually agreeable to the

parties, under which the payments are varied in the light of factors pertinent to the irrigators' ability to pay. The development period shall begin in the year in which water for use by the district is first available, as announced by the Secretary, and shall end in the year in which the conservation storage space in De Luz Reservoir first fills but shall, in no event, exceed seventeen years. During the development period water shall be delivered to the district under annual water rental notices at rates fixed by the Secretary and payable in advance, and any moneys collected in excess of operation and maintenance costs shall be credited to repayment of the capital costs chargeable to the district and the repayment period fixed herein shall be reduced proportionately. The Secretary may transfer to the district the care, operation, and maintenance of the facilities constructed by him under conditions satisfactory to him and to the district and, with respect to such of the facilities as are located within the boundaries of Camp Pendleton, satisfactory also to the Secretary of the Navy.

[(c) For the purposes of this Act the basis, measure, and limit of all rights of the United States of America pertaining to the use of water shall be the laws of the State of California: *Provided*, That nothing in this Act shall be construed as a grant or a relinquishment by the United States of America of any of its rights to the use of water which is acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisition, or through actual use or prescription or both since the date of that acquisition, if any, or to create any legal obligation to store any water in De Luz Reservoir, to the use of which it has such rights, or to require the division under this Act of water to which it has such rights.

[(d) Unless otherwise agreed by the Secretary of the Navy, De Luz Dam as herein provided shall at all times be operated in a manner which will permit the free passage of all of the water to the use of which the United States of America is entitled according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisitions, or through actual use or prescription or both since the date of that acquisition, if any, and will not be administered or operated in any way which will impair or deplete the quantities of water to the use of which the United States of America would be entitled under the laws of the State of California had that structure not been built.

[SEC. 4. After the construction of the De Luz Dam, the official operating the reservoir shall deliver water to the Fallbrook Public Utility District, pursuant to regulations issued by the Secretary of the Interior, as follows:

[(1) One thousand eight hundred acre-feet in any year until the reservoir attains an active content of sixty-three thousand acre-feet;

[(2) Not in excess of four thousand eight hundred acre-feet in any year after the resevoir attains an active content of sixty-three thousand acre-feet and until said reservoir attains an active content of ninety-eight thousand acre-feet; and

[(3) Not in excess of eight thousand acre-feet in any year after the reservoir attains an active content of ninety-eight thousand acre-

feet and until the conservation storage space of the reservoir has been filled.

[SEC. 5. The Secretary of the Army through the Chief of Engineers, acting in accordance with section 7 of the Flood Control Act of 1944 (58 Stat. 887) [33 U.S.C. 709.] is authorized to utilize for purposes of flood control such portion of the capacity of De Luz Reservoir as may be available therefcr.

[SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, $22,636,000, the current estimated construction cost of the Santa Margarita River project, plus or minus such amounts as may be indicated by the engineering cost indices for this type of construction, and, in addition thereto, such sums as may be required to operate and maintain the said project.

[SEC. 7. From time to time the Attorney General, the Secretary of the Interior, and the Secretary of the Navy shall report to the Congress concerning the conditions specified in section 1 of this Act, and the first report thereon shall be submitted to the Congress no later than one year from the date of enactment of this Act.]

SECTION 1. (a) The Secretary of the Interior is authorized to construct, operate, and maintain the Santa Margarita project, California, in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereof) and in accordance with the plan set out in the report of the Secretary on the project, including the concurrent development of fish and wildlife mitigation measures and any changes that may be required by studies in progress. The principal features of the project shall consist of Fallbrook and DeLuz Dams and Reservoirs, pipelines, regulation facilities, or other facilities required to provide water to Fallbrook Public Utility District and the Marine Corps base at Camp Pendleton.

"(b) Appropriation of construction funds is contingent upon a secretarial determination of economic justification and compliance with applicable environmental laws based on such studies. Such determination shall include an estimate of the construction costs of the Santa Margarita project. Any modifications of, omissions from, or additions to the plan for the purpose of furnishing a supplemental municipal and industrial water supply, supplemental irrigation water supply, flood control, regulation of imported water, recreation, or fish and wildlife enhancement shall be implemented only with the concurrence of the Secretary of the Navy. Repayment of reimbursable construction costs by the Fallbrook Public Utility District or other qualified entity or entities shall be on such terms and conditions as the Secretary of the Interior may determine, notwithstanding any other provision of law to the contrary: Provided, That the period of repayment for reimbursable construction costs shall be in accordance with the Federal reclamation law.

The interest rate used for computing interest during construction and interest on the unpaid balance of the reimbursable costs of the project shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which construction of the unit is commenced, on the basis of the computed average interest rate payable

by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for fifteen years from date of issue.

"SEC. 2. The Secretary, prior to commencement of construction, shall enter into contracts with the Department of the Navy, the Fallbrook Public Utility District, or any other qualified entity or entities for delivery of water and for repayment of the reimbursable construction costs. Construction, operation, maintenance, and replacement costs of facilities and portions of facilities allocated to flood control and to the furnishing of a water supply to the Marine Corps base at Camp Pendleton shall be borne by the Department of the Navy.

"SEC. 3. In accordance with section 2481 of title 10, United States Code, proceeds from the sale of any surplus project water entitled to the Department of the Navy shall be credited to the Department of the Navy appropriation currently available for the suppiy of such water.

SEC. 4. The conservation and development of the fish and wildlife resources and the enhancement of recreation opportunities in connection with the Santa Margarita project shall be in accordance with the Federal Water Project Recreation Act (79 Stat. 213), as amended.

SEC. 5. There is hereby authorized to be appropriated beginning October 1, 1983 for construction of the Santa Margarita project the sum of $190,250,000 (January 1982 price levels), plus or minus such amounts, if any, as may be justified by reason of changes in construction costs as indicated by engineering cost indexes applicable to the types of construction involved and, in addition thereto, such sums as may be required for operation and maintenance of the works of said project.

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Calendar No. 214

98TH CONGRESS
1st Session

SENATE

REPORT
No. 98–140

AMERICAN CONSERVATION CORPS ACT OF 1983

MAY 20 (legislative day, MAY 16), 1983.—Ordered to be printed

Mr. MCCLURE, from the Committee on Energy and Natural Resources, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 999]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 999) to provide for the conservation, rehabilitation, and improvement of natural and cultural resources located on public or Indian lands, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the Act (as amended) do pass.

The amendment is as follows:

Strike all after the enacting clause, and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "American Conservation Corps Act of 1983".

CONGRESSIONAL FINDINGS AND PURPOSE

SEC. 2. (a) FINDINGS.—The Congress finds that—

(1) public lands, resources, and facilities, including parks, rangelands, wildlife refuges, forests, water resources, fishery facilities, historic and cultural sites, and urban and community resources, have become subject to increasing public use and resource production demands;

(2) the condition of many of these lands, resources, and facilities has deteriorated as a result of these increasing uses and demands and as a result of the inability of Government agencies to adequately staff and fund the maintenance necessary to arrest the deterioration;

(3) public land management agencies have a responsibility to assure that public lands and resources are managed—

(A) to assure continued productivity,

(B) to protect public health and safety, and

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(C) to assure their wise and economic conservation, maintenance, and use;

(4) a program designed to systematically guide and enhance the conservation, rehabilitation, and improvement of our public lands, resources, and facilities is urgently needed; and

(5) youth conservation programs have proven highly successful and cost effective in providing training and jobs for unemployed youth and in assisting land management agencies at all levels of government to reduce the backlog of neglected public land conservation, rehabilitation and improvement projects and to carry out other public land resource management work.

(b) PURPOSE.—It is the purpose of this Act to—

(1) reduce the backlog of conservation, rehabilitation, and improvement work on the public lands, prevent the further deterioration of public lands and resources and facilities, conserve energy and restore and maintain community lands, resources, and facilities;

(2) establish an American Conservation Corps to carry out a program to improve, restore, maintain, and conserve public lands and resources in the most cost-effective manner;

(3) use such program to assist State and local governments in carrying out needed public land and resource conservation, rehabilitation, and improvement projects;

(4) provide for implementation of the program in such manner as will foster conservation and the wise use of natural and cultural resources through the establishment of working relationships among the Federal, State, and local governments, Indian tribes, and other public and private organizations; and

(5) use this program to increase (by training and other means) employment opportunities for young men and women.

SEC. 3. (a) There is hereby established an American Conservation Corps, under the direction of the Secretary of the Interior to carry out conservation, rehabilitation, and improvement projects on public lands and Indian lands.

(b) There is authorized to be appropriated to the Secretary of the Interior for the purposes of carrying out this Act $50,000,000 for fiscal year 1984, $75,000,000 for fiscal year 1985, and $100,000,000 for fiscal year 1986.

PURPOSE OF THE MEASURE

The purpose of H.R. 999, as reported, is to establish an American Conservation Corps under the direction of the Secretary of the Interior to carry out conservation, rehabilitation and improvement projects on public lands and Indian lands.

BACKGROUND AND NEED

Congress established two conservation-related youth employment programs, Youth Conservation Corps (YCC) and the Young Adult Conservation Corps (YACC), in 1970 and 1977 respectively.

The Department of Agriculture and the Department of the Interior have been deeply involved in these two youth employment programs since their inception. Enrollees have carried out conservation work on National Forests, parks, and at other installations, including such labor intensive projects as tree planting, timber stand improvement and recreation area maintenance and construction. The work has supplemented that done under regular programs funded through the normal budgetary process.

These previous youth conservation work programs have proven to be efficient and cost-effective in providing needed conservation work as well as training and jobs for unemployed youth. The YCC, established in 1970, returned $1.04 in conservation work for each dollar expended. The YACC, established in 1977, returned $1.20 for each

dollar expended. The Administration has recommended both programs for termination; the YCC was funded at $10 million in fiscal 1983; the YACC was phased out in 1982.

Publicly owned lands and resources, have become subject to increasing use and resource production demands. Deterioration of lands, resources and facilities have affected Federal, State, and local parks, wildlife refuges, forests, water resources, fishery facilities, historic and cultural sites and community facilities. At the same time, unemployment has risen dramatically, particularly among the youth population, whose unemployment rate exceeds 20 percent.

Many groups and organizations have advanced a number of proposals which would address youth unemployment and provide a work force for labor intensive natural resource improvement work on public lands. H.R. 999 is largely the result of that effort.

LEGISLATIVE HISTORY

H.R. 999 was introduced in the House on January 26, 1983. H.R. 999 passed the House on March 1, 1983. A hearing on S. 27 and H.R. 4861, similar measures to H.R. 999 was held by the Subcommittee on Public Lands and Reserved Water on August 22, 1982. No hearings have been held in the 98th Congress.

At an open business session on May 13, 1983, H.R. 999 was ordered favorably reported by the Senate Committee on Energy and Natural Resources with an amendment as described herein.

COMMITTEE RECOMMENDATIONS AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources in an open business session on May 13, 1983 by a majority vote of a quorum present recommends that the Senate pass H.R. 999, as described therein.

The rollcall vote on reporting the measure was 18 yeas and 1 nays as follows:

YEAS	NAYS
McClure	Nickles
Hatfield	
Weicker [1]	
Domenici [1]	
Wallop	
Warner	
Murkowski	
Hecht	
Chafee	
Heinz [1]	
Johnston [1]	
Jackson	
Bumpers [1]	
Ford	
Metzenbaum [1]	
Matsunaga [1]	
Melcher	
Bradley [1]	

[1] Indicates vote by proxy.

COMMITTEE AMENDMENT

The Committee adopted an amendment in the nature of a substitute offered by Senator Jackson to H.R. 999. This amendment makes several congressional findings regarding the need for an American Conservation Corps program; states several purposes relating to the program; establishes an American Conservation Corps under the direction of the Secretary of the Interior; and authorizes $50 million in fiscal year 1984, $75 million in fiscal year 1985, and $100 million in fiscal year 1986 for the purpose of carrying out this program. Such an approach recognizes the need for a youth conservation-related program such as this, but at the same time it recognizes that some aspects of the program need to be addressed in more detail.

The Committee is aware, therefore, that before any final legislation establishing an American Conservation Corps is enacted, a number of specific concerns will need to be addressed and specific provisions incorporated which are not now included in the bill as reported by the Committee. However, the Committee feels that it is important to move forward on this measure at this time so that May 15 reporting requirements set forth in the Congressional Budget Act could be met. The Committee anticipates that accommodations on a number of these specific aspects of the program can be worked out and offered as floor amendments at a later date.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 13, 1983.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 999, the American Conservation Corps Act of 1983.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

MAY 13, 1983.

1. Bill number: H.R. 999.
2. Bill title: American Conservation Corps Act of 1983.
3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources, May 13, 1983.
4. Bill purposes: The American Conservation Corps Act of 1983 would establish a program for the conservation, rehabilitation and

improvement of natural and cultural resources located on public or Indian lands by providing employment for young men and women, with special consideration given to disadvantaged youths and youths from areas of high unemployment.

5. Estimated cost to the Federal Government:

	Millions
Authorization level:	
Fiscal year:	
1984	$50
1985	75
1986	100
1987	----
1988	----
Estimated outlays:	
Fiscal year:	
1984	40
1985	70
1986	95
1987	20
1988	----

The costs of this bill fall within budget function 300.

Basis of estimate: For the purposes of this estimate, it is assumed that this bill will be enacted and the full amounts authorized will be appropriated prior to the beginning of each fiscal year.

H.R. 999 authorizes appropriations of $50 million for fiscal year 1984, $75 million for fiscal year 1985, and $100 million for fiscal year 1986.

Based on historical experience of similar programs such as the Youth Conservation Corps, it has been estimated that 80 percent of each year's appropriation would be spent in the first year with the remainder spent in the following year.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: On February 17, 1983, the Congressional Budget Office prepared a cost estimate for H.R. 999, as ordered reported by the House Committee on Interior and Insular Affairs. That legislation authorized $60 million in fiscal year 1983 and $300 million for each of the next six fiscal years. Therefore, estimated outlays were higher.

9. Estimate prepared by: Mary Ann Curtin.

10. Estimate approved by:

ROBERT A. SUNSHINE
(For James L. Blum,
Assistant Director for Budget Analysis).

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 999 as reported. H.R. 999 would establish an American Conservation Corps under the direction of the Secretary of the Interior to carry out conservation, rehabilitation, and improvement projects on public lands and Indian lands. The Act is not a regulatory measure in the sense of imposing Government established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy. Little, if any, additional paperwork would result from the enactment of H.R. 999.

EXECUTIVE COMMUNICATIONS

The pertinent legislative reports and communications received by the Committee from the Department of the Interior setting forth Executive agency recommendations relating to H.R. 999 are set forth below:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 12, 1983.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for our views on H.R. 999 as passed by the House, the "American Conservation Corps Act of 1983".

We oppose enactment of H.R. 999.

H.R. 999 would direct the Secretary of the Interior, in cooperation with the Secretaries of Agriculture and Labor, to establish and administer a public lands conservation, rehabilitation, and improvement program through grants to Federal and State agencies for the establishment and operation of residential and nonresidential conservation centers to carry out the purposes of the Act.

Enrollment in the conservation centers would be limited to unemployed youths between 15 and 25 years of age. Enrollees would be provided living quarters, board, medical care, transportation and other services considered necessary by the Secretary. Special consideration would be given to the enrollment of disadvantaged youths and those residing in areas of substantial unemployment.

Funding for the program would be appropriated from franchise fees, special use permits, sales of timber and leasing activities of the Departments of the Interior and Agriculture.

The restoration and preservation of our national parks and national forests are among the foremost goals of this Administration. A systematic, prioritized approach is needed to accomplish these goals for today and for future generations. Under today's budgetary restraints, H.R. 999 is not the best method to accomplish our mutual goals of preservation and conservation.

From our experience with the Youth Conservation Corps (YCC) and the Young Adult Conservation Corps (YACC) programs, we note that work experience programs do not benefit conservation and preservation efforts in an efficient manner. Funding of this American Conservation Corps, as with past programs, is not subject to the same budgetary processes that public lands programs undergo. This indirectly increases budget totals and adversely affects the funding of higher priority programs.

Summer youth programs are conducted by several offices and bureaus within the Department. While the YCC and the YACC programs had benefits both to the participants and to the parks and forests that they served, we believe that our own programs can and will serve the Nation better.

We believe this Administration has made great strides in the conservation and preservation of our parks and forests by addressing high priority needs. H.R. 999 would disrupt this process and reprioritize conservation efforts at an added expense to the taxpayer, but would not necessarily meet announced goals.

Further, as a general policy, this Administration opposes the earmarking of receipts for special purposes. Conservation work should be funded from general revenues, appropriated directly to the land management agency which has primary responsibility for conservation of the land and physical assets. In that way, all proposed conservation projects are subject to the same budgetary process, competing first among themselves, and subsequently with other worthy Federal programs for scarce tax dollars and receipts.

We oppose passage of H.R. 999. It is the goal of this Administration to reduce Federal expenditures, strengthen the economy, and control inflation. Passage of H.R. 999 would slow both our efforts to meet our goals and the Nation's economic recovery.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD R. HITE,
Deputy Assistant Secretary.

MINORITY VIEWS OF MR. NICKLES

Just recently it was announced that Congress has now overdrawn the federal checking account by a total of $1,249,000,000,000. At this point, it looks like the 1983 checkbook will show that we will be $226,000,000,000 in the hole. And ironically, we are now searching for a solution that will help us close the gap between revenues and expenditures in our quest to agree upon a budget resolution for fiscal year 1984. But one ugly fact still remains: the federal government is spending beyond its means and the American economy will not see sustained economic recovery until Congress stops writing checks with red ink.

It is against this backdrop that we are presented with another opportunity to spend still more money. This bill (as passed by the House) would fund the American Conservation Corps to the tune of $50 million for 1983 and $250 million for the following six fiscal years to employ 16–25 year olds. As reported out by the Committee, the bill has been whittled down to $225 million over the next three years; a compromise would likely be somewhere in the middle.

This may be a fine program to help employ many of our nation's youth. I certainly support efforts which would give our young people the opportunity to be gainfully employed. But I fear that the use of non-existent tax dollars to do this is a further drain on the private sector, which would have to be the vanguard of any long-term unemployment remedy. Furthermore, the young people this program would employ are now being saddled with an ever-increasing federal debt which they will be forced to repay later. I suggest we demonstrate a little fiscal prudence and say no to H.R. 999.

DON NICKLES.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law would be made by the Act, H.R. 999, as reported.

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